

**BEFORE THE NEVADA GAMING COMMISSION**

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IN THE MATTER OF THE ADOPTION OF AMENDMENTS TO NEVADA GAMING  
COMMISSION REGULATION NGC 5.225

PETITION FOR ADOPTION OF AND AMENDMENT TO REGULATION

I.

Introduction

Sightline Interactive, LLC, and Sightline Payments, LLC, ("Sightline") bring this Petition requesting the adoption of amendments to the Nevada Gaming Commission ("NGC") Regulation 5.225 to allow for remote patron identity verification.

Any interested person may file a petition requesting adoption, amendment, or repeal of a regulation pursuant to Nevada Revised Statute (NRS) 463.145(d). Sightline is a licensee and therefore an interested person pursuant to Nevada Gaming Commission Regulation 2A.010 (5) with standing to bring this Petition.

In accordance with the requirements of NRS 463.145(d), this Petition includes the following: the reasons for the request and current status of Nevada's Laws and Regulations, the substance or nature of the regulation, amendment or repeal requested, and reference to the authority of the Commission to take the action requested.

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## II.

### The Reasons for the Request

Cashless solutions have proliferated across banking, e-commerce, and online shopping and have become a preferred mode of transaction between businesses and consumers. Cashless transactions are quickly replacing traditional cash-based payment methods and the conversion has been further accelerated by the worldwide pandemic. In the casino industry, players are expected to use mobile-enabled contactless and cashless payments more frequently in the coming years. Players see cash as a less attractive option and consider cashless as a more convenient, safe, and secure option. Players are now accustomed to cashless transactions outside of gaming in their daily lives, seeking out touchless transactions due to social distancing and health concerns. Gaming operators and suppliers have also been exploring cashless as one of the solutions for a better way of doing business.

Gambling is changing from coin in-coin out and exchanging cash for chips. Technology provides licensed operators the ability to create player accounts and monitor wagers. This technology is extending into the opportunity for players to fund wagers using debit instruments. Such innovations match customer expectations. The ability for a player to establish a wagering account remotely is a critical component of this technological evolution.

Jurisdictions across the United States and the world are developing procedures to ensure public protection with the expansion of technology. There is a sense of urgency to expand cashless wagering to prevent the spread of contagious disease, and this urgency also provides the opportunity to evaluate current restrictions. As American Gaming Association (“AGA”) President and Chief Executive Officer, Bill Miller, stated in June, 2020, “Advancing opportunities for digital payments has been one of our top priorities since my first day at the AGA. It aligns with gaming’s role as a modern, 21<sup>st</sup> century industry and bolsters our already

rigorous regulatory and responsible gaming measures, The COVID-19 pandemic made it all the more important to advance our efforts to provide customers with the payment choice they are more comfortable with and have increasingly come to expect in their daily lives.”<sup>1</sup> The AGA’s

Payments Modernization Policy Principles announced on June 16, 2020, include:

- Equip customers with more tools to wager responsibly.
- Ensure state laws enable a flexible regulatory approach, capable of keeping pace with evolving forms of digital payments.
- Give customers payment choice and convenience.
- Address heightened customer public health concerns.
- Provide customers confidence in digital payment security.
- Create a uniform regulatory environment for casino operators, suppliers, and regulators.
- Empower law enforcement to better identify offenders through digital payment analysis.<sup>2</sup>

Enabling a patron to remotely establish and authorize a wagering account and an operator to utilize the most up-to-date technology to verify the information provided by the patron are logical components of these principles.

Wagering accounts are not new to Nevada. The current Nevada Gaming Commission Regulations already provide for the establishment of a wagering account and an interactive wagering account either remotely or in person. See NGC Regulations 5.225(5) and 5A.110(4). One of the few distinctions between the opening of a wagering account under Regulation 5.225 and an interactive wagering account under Regulation 5A.110 is the requirement that a patron appear in person to verify his or her identity. The remote establishment of wagering accounts was fully addressed by the Nevada Gaming Control Board and the Nevada Gaming Commission during its public hearings related to the adoption of Regulation 5A for the operation of interactive

<sup>1</sup> American Gaming Association Press Release, June 16, 2020: <https://www.americangaming.org/new/american-gaming-association-policy-principles-offer-framework-to-advance-casino-payments-modernization/>

<sup>2</sup> American Gaming Association Principles for Casino Gaming Payments Modernization, June 16, 2020: <https://www.americangaming.org/policies/payment-modernization/>

gaming in the State of Nevada. As a result, Regulation 5A contains clear, player-sensitive guidance for the remote establishment of a player wagering account that protects both the needs of the player and the integrity of gaming. We request that Regulation 5 be amended to allow a player to open a wagering account without appearing to verify his or her identity in person, similar to the current process utilized to allow a player to open an interactive wagering account under Regulation 5A.

The establishment of a wagering account requires the verification of an individual's personal information. See NGC Regulation 5.225(5)(a)(3). The obtaining and recording of a player's name, physical address and other identifying information is straight-forward. The verification of this self-reported information is more complex. For example, once a player provides a physical address, that address is sent to a third-party verification service. If the address cannot be verified from a verification service, the player is prompted into a process called Knowledge Based Authentication ("KBA"). The individual must then answer a series of questions such as "what is the street where you lived when you were 16 years old?" If the player passes this set of KBA questions, he or she is considered authenticated. If the individual does not pass the KBA questions, he or she enters a manual process that may involve sending in utility bills or other proof of address information. This KBA verification process is commonly used for the opening of all manner of sensitive accounts, including in financial services. KBA verification is also used by most companies that utilize on-line account storage, to allow a customer to retrieve their own account data when a password is forgotten or an email account is compromised. The Federal Trade Commission recently issued a letter approving the use of KBA as a method of obtaining prior verifiable parental consent under the Children's Online Privacy Protection Act. Similar digital KBA verification tools are utilized to verify other components of an

individual's personal information if such self-reported information cannot be immediately verified.

To establish an interactive wagering account under Regulation 5A, an operator can register an individual as an authorized player and verify the information remotely. Regulation 5A currently allows for an operator to utilize digital KBA tools to verify an individual's self-reported information after the patron has opened an interactive wagering account. We request that Regulation 5 be amended to allow for digital KBA verification of a player's wagering account information, similar to the current digital KBA verification process for interactive wagering accounts established and utilized by licensees under Regulation 5A.

### III.

#### The Substance or Nature of the Regulation, Amendment or Repeal Requested

The proposed amendments to NGC Regulation 5.225 (1) allow for remote patron identity verification and (2) ensure that the criminal protections of NRS Chapter 465 apply, safeguarding their use in gaming activities and assuring the integrity of the gaming industry in Nevada.

**Petitioner proposes** that the Commission amend NGC Regulation 5.225 to read:

7. A licensee shall not allow a patron to make any wagers using the wagering account until (a) the patron personally appears before an employee of the licensee at its licensed gaming establishment or at the licensed gaming establishment of its affiliate where the patron presents a government issued picture identification credential confirming the patron's identity, or (b) the identity of the patron is established and verified using digital knowledge based authentication tools. . . .

16. A licensee shall suspend a wagering account if the wagering account has not been used to make any wagers for a consecutive 16-month period. The licensee may re-activate a suspended wagering account only after re-verifying the information required by subsection 5(a) of this regulation and upon the patron ~~presenting a current government issued picture identification credential~~ **confirming his or her identity pursuant to subsection 7.**

#### **IV.**

##### **The Authority of the Commission to Take the Action Requested**

The Commission is authorized to take action pursuant to the Nevada Revised Statutes. NRS 463.150(1) provides that, "The Commission shall, from time to time, adopt, amend or repeal such regulations, consistent with the policy, objects and purposes of this chapter as it may deem necessary or desirable in the public interest in carrying out the policy and provisions of this chapter." See also NRS 463.145(1). NRS 463.1409(l) provides that, "The provisions of this chapter with respect to state gaming licenses and manufacturer's, seller's and distributor's licenses must be administered by the Board and the Commission, which shall administer them for the protection of the public and in the public interest in accordance with the policy of this state." Further, NRS 463.143 provides that, "The Commission may exercise any proper power and authority necessary to perform the duties assigned to it by the Legislature, and is not limited by any enumeration of powers in this chapter."

The Commission is authorized to take this action pursuant to Nevada Gaming Commission Regulation 1.010: "The commission will, from time to time, promulgate, amend and repeal such regulations, consistent with the policy, objects and purposes of the Nevada Gaming Control Act, as it may deem necessary or desirable in carrying out the policy and provisions of that Act."

**V.**

Conclusion

Accordingly, Sightline requests that the Commission commence proceedings to adopt Amendments to Nevada Gaming Commission Regulation 5.225 to allow for remote patron identity verification.

DATED and respectfully submitted this 16<sup>th</sup> day of September, 2020.

HOWARD & HOWARD ATTORNEYS PLLC

A handwritten signature in blue ink, appearing to read 'J. Carleton', with a stylized flourish at the end.

Jennifer L. Carleton  
Attorney for Petitioner